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TOWN OF BALL, LOUISIANA

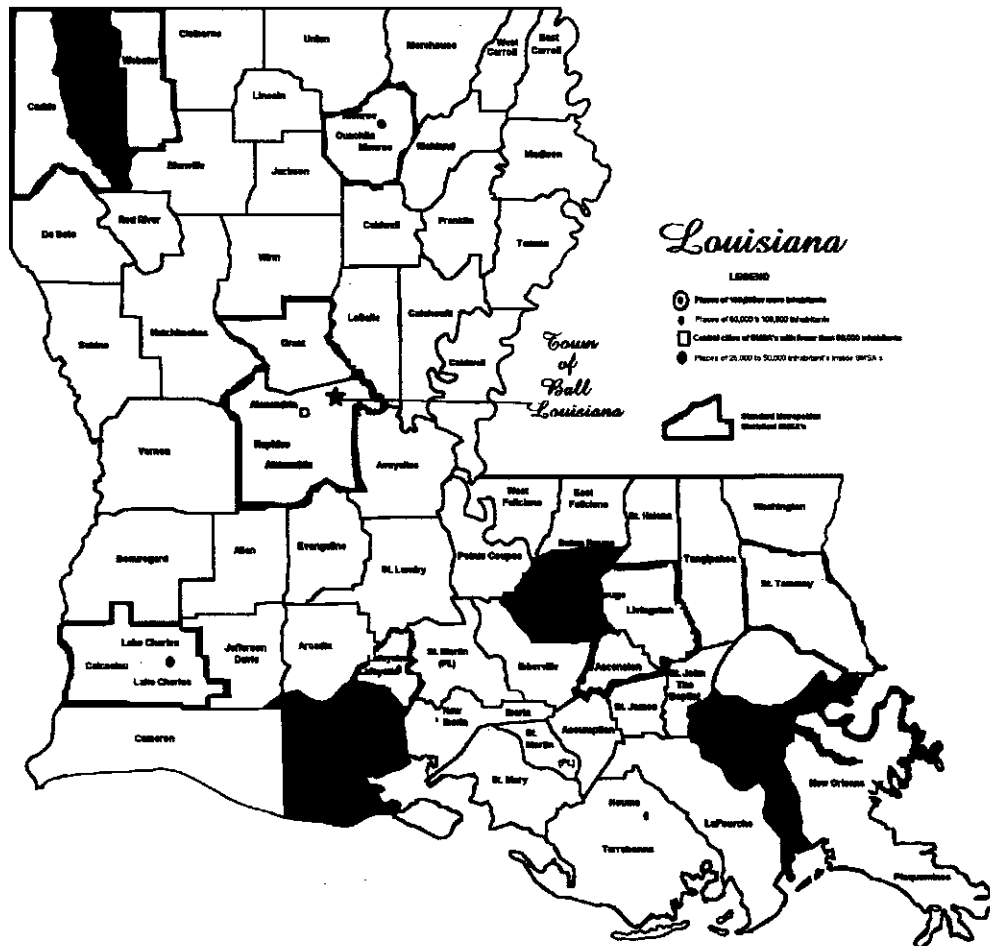
**Basic Financial Statements
and Auditor's Report**

**For The Year Ended
December 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-29-05

TOWN OF BALL, LOUISIANA



* The Town of Ball was incorporated May 31, 1972, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The accounting and reporting practices of the Town of Ball conform to generally accepted accounting principles as applicable to governmental units.

TOWN OF BALL

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INDEPENDENT AUDITOR'S REPORT

The Honorable Roy Hebron, Mayor
and Members of the Town Council
Ball, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Ball, Louisiana, as of and for the year ended December 31, 2004 which collectively comprise the Town's financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Ball, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Ball, Louisiana, as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 2, 2005, on my consideration of the Town of Ball, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Other supplemental information marked "unaudited" was not audited by me, therefore, I do not express an opinion or any other form of assurance on it.

John R. Vercher

May 2, 2005

Jena, Louisiana

Town of Ball, Louisiana

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MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Ball's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Town has elected to exclude the information in this report. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,362,485 (*net assets*).
- The Town had total revenue of \$1,113,966, in which \$711,648 came from collection of taxes. This is a \$464,323 decrease from last year's revenues, because of a decrease in block grants.
- The Town had total expenses of \$1,041,274, which is a \$384,819 decrease from last year. This decrease in expenses is also due to the decrease in block grants.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$5,778,606 (*net assets*). This is a \$142,079 decrease from last year.
- The Town had total revenue of \$758,174, including operating revenues of \$751,073 and non-operating revenues of \$7,101.
- The Town had total expenses of \$909,627, in which \$868,472 was operating expenses and \$41,155 was non-operating expenses.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Town adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. Comparative analysis will be available in future years when prior information becomes available.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the District's Most Significant Funds

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

Balance Sheet Governmental Funds

The following table represents a condensed Balance Sheet as of December 31, 2004:

Assets	
Current assets	\$ 654,560
Capital assets, net	1,304,581
Total assets	<u>1,959,141</u>
 Liabilities and Net Assets	
Current liabilities	55,105
Non-current liabilities	536,207
Total liabilities	<u>591,312</u>
 Net assets	
Invested in capital assets, net of related debt	1,304,581
Unrestricted	(143,501)
Restricted	206,749
Total net assets	<u>1,367,829</u>
Total Liabilities and Net Assets	<u>\$ 1,959,141</u>

Balance Sheet Enterprise Funds

The following table represents a condensed Balance Sheet as of December 31, 2004:

Assets	
Current assets	\$ 104,771
Restricted Assets	368,295
Capital assets, net	6,139,699
Total assets	<u>6,612,765</u>
 Liabilities and Net Assets	
Current liabilities	101,279
Non-current liabilities	732,880
Total liabilities	<u>834,159</u>
 Net assets	
Invested in capital assets, net of related debt	5,377,500
Unrestricted	32,811
Restricted	368,295
Total net assets	<u>5,778,606</u>
Total Liabilities and Net Assets	<u>\$ 6,612,765</u>

MD&A

Changes in Fund Balances Governmental Funds

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Balances for the year ended December 31, 2004:

Beginning fund balances	\$ 526,763
Total revenues	1,113,966
Total expenditures	<u>1,041,274</u>
Increase (decrease) in fund balances	<u>72,692</u>
Ending fund balances	\$ <u>599,455</u>

Changes in Net Assets Enterprise Funds

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2004:

Beginning net assets	\$ 5,930,059
Operating revenues	751,073
Non-operating revenues	<u>7,101</u>
Total revenues	<u>758,174</u>
Operating expenses	868,472
Non-operating expenses	<u>41,155</u>
Total expenses	<u>909,627</u>
Increase (decrease) in net assets	<u>(151,453)</u>
Ending net assets	\$ <u>5,778,606</u>

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At December 31, 2004, the Town had \$1,299,235 invested in capital assets, including the sewer system, machinery, and equipment.

Capital Assets at Year-End	
Land & Buildings	\$ 647,106
Improvements	85,290
Equipment	1,601,837
Accumulated Depreciation	(1,014,998)
Totals	<u>\$ 1,299,235</u>

Capital Assets – Enterprise Fund

At December 31, 2004, the Town had \$6,139,699 invested in capital assets, including the sewer system, machinery, and equipment.

Capital Assets at Year-End	
Sewer System	\$ 10,042,991
Construction in Progress	88,967
Machinery and Equipment	260,914
Accumulated Depreciation	(4,253,173)
Totals	<u>\$ 6,139,699</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Roy Hebron, Mayor, at the Town of Ball, P.O. Box 800, Ball, Louisiana 71405.

BASIC FINANCIAL STATEMENTS

Town of Ball
Statement of Net Assets
December 31, 2004

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & Cash Equivalents	\$ 191,774	\$ 369,358	\$ 561,132
Investments	134,559	83,030	217,589
Receivables	84,125	-0-	84,125
Due From Other Funds	244,104	20,678	264,782
Capital Assets, Net of Depreciation	1,299,235	6,139,699	7,438,934
TOTAL ASSETS	<u>1,953,797</u>	<u>6,612,765</u>	<u>8,566,562</u>
LIABILITIES			
Accounts payable	19,876	9,042	28,918
Due to Other Funds	35,229	-0-	35,229
Accrued Interest Payable	-0-	32,277	32,277
Deposits	-0-	30,691	30,691
Non-Current Liabilities			
Due Within One Year	22,357	-0-	22,357
Due in More Than One Year	513,850	762,149	1,275,999
TOTAL LIABILITIES	<u>591,312</u>	<u>834,159</u>	<u>1,425,471</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	763,028	5,377,500	6,140,528
Restricted for Fire	125,990	-0-	125,990
Restricted for Capital Projects	108,582	-0-	108,582
Restricted for Debt Service	98,167	368,295	466,462
Unrestricted	266,718	32,811	299,529
TOTAL NET ASSETS	<u>\$ 1,362,485</u>	<u>\$ 5,778,606</u>	<u>\$ 7,141,091</u>

The notes to the financial statements are an integral part of this statement.

Town of Ball
Statement of Activities
For the Year Ended December 31, 2004

Functions/Programs	PROGRAM REVENUES				NET (EXPENSES) REVENUE & CHANGES IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	PRIMARY GOVERNMENT		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Administration	\$ 297,109	\$ -0-	\$ 79,054	\$ -0-	\$ (218,055)	\$ -0-	\$ (218,055)
Public Safety	415,128	5,200	-0-	-0-	(409,928)	-0-	(409,928)
Public Works	313,131	-0-	23,170	1,242	(288,719)	-0-	(288,719)
Interest on Long-Term Debt	24,528	-0-	-0-	-0-	(24,528)	-0-	(24,528)
Total Governmental Activities	1,049,896	5,200	102,224	1,242	(941,230)	-0-	(941,230)
Business-Type Activities							
Sewer & Sanitation	909,627	697,624	-0-	-0-	-0-	(212,003)	(212,003)
Total Business-Type Activities	909,627	697,624	-0-	-0-	-0-	(212,003)	(212,003)
Total Primary Government	\$ 1,959,523	\$ 702,824	\$ 102,224	\$ 1,242	(941,230)	(212,003)	(1,153,233)
General Revenues:							
Taxes					711,648	53,449	765,097
Fines					157,583	-0-	157,583
Licenses & Permits					72,068	-0-	72,068
Investment Earnings					5,659	7,101	12,760
Miscellaneous					20,131	-0-	20,131
Loans					38,212	-0-	38,212
Total General Revenues & Transfers					1,005,301	60,550	1,065,851
Change in Net Assets					64,071	(151,453)	(87,382)
Net Assets - Beginning					1,298,414	5,930,059	7,228,473
Net Assets - Ending					\$ 1,362,485	\$ 5,778,606	\$ 7,141,091

The notes to the financial statements are an integral part of this statement.

Town of Ball
Balance Sheet – Governmental Funds
December 31, 2004

	GENERAL	FIRE FUND	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash & Cash Equivalents	\$ 22,795	\$ 95,626	\$ 73,353	\$ -0-	\$ 191,774
Investments	102,071	32,488	-0-	-0-	134,559
Receivables	51,397	-0-	-0-	32,728	84,125
Due From Other Funds	108,207	-0-	35,229	100,668	244,104
TOTAL ASSETS	<u>284,470</u>	<u>128,114</u>	<u>108,582</u>	<u>133,396</u>	<u>654,562</u>
LIABILITIES & FUND BALANCES					
LIABILITIES					
Accounts Payable	17,752	2,124	-0-	-0-	19,876
Accrued Liabilities	-0-	-0-	-0-	-0-	-0-
Due To Other Funds	-0-	-0-	-0-	35,229	35,229
TOTAL LIABILITIES	<u>17,752</u>	<u>2,124</u>	<u>-0-</u>	<u>35,229</u>	<u>55,105</u>
FUND BALANCES					
Restricted	-0-	125,990	108,582	98,167	332,739
Unrestricted	266,718	-0-	-0-	-0-	266,718
TOTAL FUND BALANCES	<u>266,718</u>	<u>125,990</u>	<u>108,582</u>	<u>98,167</u>	<u>599,457</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 284,470</u>	<u>\$ 128,114</u>	<u>\$ 108,582</u>	<u>\$ 133,396</u>	<u>\$ 654,562</u>

The notes to the financial statements are an integral part of this statement.

Town of Ball
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
For the Year Ended December 31, 2004

Fund balances – total governmental funds \$ 599,457

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental Capital Assets	\$ 2,314,233	
Less Accumulated Depreciation	<u>(1,014,998)</u>	
		1,299,235

Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

General Obligation Bonds Payable	<u>(536,207)</u>	
		<u>(536,207)</u>
Net assets of governmental activities		<u>1,362,485</u>

The notes to the financial statements are an integral part of this statement.

Town of Ball
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	GENERAL	FIRE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 540,592	\$ 99,640	\$ -0-	\$ 71,416	\$ 711,648
Licenses & Permits	72,068	-0-	-0-	-0-	72,068
Intergovernmental	79,054	-0-	24,412	-0-	103,466
Charges for Services	-0-	5,200	-0-	-0-	5,200
Fines	157,583	-0-	-0-	-0-	157,583
Interest	2,636	1,350	830	842	5,658
Miscellaneous	10,485	9,646	-0-	-0-	20,131
Loans	38,212	-0-	-0-	-0-	38,212
TOTAL REVENUES	900,630	115,836	25,242	72,258	1,113,966
EXPENDITURES					
Current:					
General Government	261,737	3,789	277	4,221	270,024
Police	260,797	-0-	-0-	-0-	260,797
Highways & Streets	267,591	-0-	-0-	-0-	267,591
Fire	-0-	55,493	-0-	-0-	55,493
Capital Acquisitions	68,413	6,794	-0-	-0-	75,207
Public Works	-0-	-0-	10,617	-0-	10,617
Debt Service:					
Principal Retirement	34,489	16,275	-0-	22,357	73,121
Interest & Fiscal Charges	1,919	1,977	-0-	24,528	28,424
TOTAL EXPENDITURES	894,946	84,328	10,894	51,106	1,041,274
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	5,684	31,508	14,348	21,152	72,692
FUND BALANCES - BEGINNING OF YEAR	261,032	94,484	94,232	77,015	526,763
FUND BALANCES - END OF YEAR	\$ 266,716	\$ 125,992	\$ 108,580	\$ 98,167	\$ 599,455

The notes to the financial statements are an integral part of this statement.

Town of Ball
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances – total governmental funds \$ 72,692

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$	75,207	
Depreciation Expense		(156,949)	
			(81,742)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of principal of long-term
debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net assets. Also,
governmental funds report the effect of issuance costs, premiums,
discounts, and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities.
The detail of these differences in the treatment of long-term debt and
related items is as follows:

Principal Payments		73,121	
Change in net assets of governmental activities	\$		73,121
			64,071

The notes to the financial statements are an integral part of this statement.

**Town of Ball
Statement of Net Assets
Proprietary Fund
December 31, 2004**

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 12,803	\$ 8,938	\$ 21,741
Receivables	26,256	56,774	83,030
Due From Other Funds	-0-	-0-	-0-
Prepaid Expenses	-0-	-0-	-0-
Total Current Assets	<u>39,059</u>	<u>65,712</u>	<u>104,771</u>
Non-Current Assets			
Restricted:			
Cash & Cash Equivalents	-0-	347,617	347,617
Due From Agency Fund	-0-	20,678	20,678
Capital Assets:			
Sewer System	-0-	10,042,991	10,042,991
Construction in Progress	-0-	88,967	88,967
Machinery & Equipment	218,448	42,466	260,914
Less Accumulated Depreciation	(108,003)	(4,145,170)	(4,253,173)
Total Capital Assets (Net of Accum. Depreciation)	<u>110,445</u>	<u>6,029,254</u>	<u>6,139,699</u>
Total Non-Current Assets	<u>110,445</u>	<u>6,397,549</u>	<u>6,507,994</u>
TOTAL ASSETS	<u>149,504</u>	<u>6,463,261</u>	<u>6,612,765</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	6,113	2,928	9,041
Accrued Liabilities	-0-	-0-	-0-
Due to Other Funds	-0-	-0-	-0-
Total Current Liabilities	<u>6,113</u>	<u>2,928</u>	<u>9,041</u>
Current Liabilities Payable From Restricted Assets:			
Customer Deposits	-0-	30,691	30,691
Bonds Payable	-0-	29,270	29,270
Accrued Interest	-0-	32,277	32,277
Total Current Liabilities Payable From Restricted Assets	<u>-0-</u>	<u>92,238</u>	<u>92,238</u>
Non-Current Liabilities			
Notes Payable Vehicles	45,834	15,475	61,309
	-0-	671,571	671,571
Total Non-Current Liabilities	<u>45,834</u>	<u>687,046</u>	<u>732,880</u>
TOTAL LIABILITIES	<u>51,947</u>	<u>782,212</u>	<u>834,159</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	64,562	5,312,938	5,377,500
Restricted for Debt Service	-0-	368,295	368,295
Unrestricted	32,995	(184)	32,811
TOTAL NET ASSETS	<u>\$ 97,557</u>	<u>\$ 5,681,049</u>	<u>\$ 5,778,606</u>

The notes to the financial statements are an integral part of this statement.

Town of Ball
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended December 31, 2004

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
OPERATING REVENUES			
Ad Valorem Taxes	\$ -0-	\$ 53,449	\$ 53,449
Sanitation Charges	270,424	-0-	270,424
Sewer Charges	-0-	399,513	399,513
Connection Charges	-0-	-0-	-0-
Penalty Charges	1,264	10,729	11,993
Miscellaneous	5,000	10,694	15,694
TOTAL OPERATING REVENUES	<u>276,688</u>	<u>474,385</u>	<u>751,073</u>
OPERATING EXPENSES			
Salaries	102,534	88,130	190,664
Insurance	5,197	2,619	7,816
Supplies	8,274	1,361	9,635
Contract Labor	-0-	2,439	2,439
Bad Debt Expense	-0-	-0-	-0-
Legal & Accounting	2,937	8,025	10,962
Repairs & Maintenance	1,338	142,826	144,164
Truck Expense	40,717	27,563	68,280
Office Supplies & Postage	5,433	8,047	13,480
Retirement	9,703	28,793	38,496
Payroll & Related Taxes	19,682	14,716	34,398
Utilities	-0-	3,586	3,586
Miscellaneous	1,802	4,026	5,828
Discharge Permits	-0-	4,600	4,600
Dumping Fees	50,007	-0-	50,007
Depreciation	21,747	258,971	280,718
Prisoner Expense	2,218	-0-	2,218
Travel & Seminars	-0-	1,181	1,181
TOTAL OPERATING EXPENSES	<u>271,589</u>	<u>596,883</u>	<u>868,472</u>
OPERATING INCOME (LOSS)	<u>5,099</u>	<u>(122,498)</u>	<u>(117,399)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	203	6,898	7,101
Interest Expense	(2,376)	(38,779)	(41,155)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,173)</u>	<u>(31,881)</u>	<u>(34,054)</u>
CHANGE IN NET ASSETS	2,926	(154,379)	(151,453)
NET ASSETS – BEGINNING OF YEAR	<u>94,631</u>	<u>5,835,428</u>	<u>5,930,059</u>
NET ASSETS – END OF YEAR	<u>97,557</u>	<u>5,681,049</u>	<u>5,778,606</u>

The notes to the financial statements are an integral part of this statement.

Town of Ball
Comparative Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2004

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 270,992	\$ 404,267	\$ 675,259
Cash Received From Ad Valorem Taxes	-0-	53,449	53,449
Cash Paid to Suppliers	(154,509)	(240,201)	(394,710)
Cash Paid to Employees	(102,534)	(104,267)	(206,801)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,949</u>	<u>113,248</u>	<u>127,197</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase in Due to Other Funds	<u>-0-</u>	<u>5,862</u>	<u>5,862</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(29,201)	-0-	(29,201)
Cash Paid on Principal Amount of Long-Term Debt	(2,233)	(34,369)	(36,602)
Interest on Bonds Payable Paid	(2,376)	(38,779)	(41,155)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(33,810)</u>	<u>(73,148)</u>	<u>(106,958)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>203</u>	<u>6,898</u>	<u>7,101</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(19,658)	52,860	33,202
CASH & CASH EQUIVALENTS – BEGINNING OF YEAR	32,461	303,695	336,156
CASH & CASH EQUIVALENTS – END OF YEAR	<u>\$ 12,803</u>	<u>\$ 356,555</u>	<u>\$ 369,358</u>

The notes to the financial statements are an integral part of this statement.

Town of Ball
Reconciliation of Comparative Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2004

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATION			
OPERATING INCOME	\$ 5,099	\$ (122,498)	\$ (117,399)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation	21,747	258,971	280,718
Increase in Accounts Receivable	(5,696)	(16,669)	(22,365)
Decrease in Accounts Payable	(7,201)	(7,574)	(14,775)
Increase in Customers' Deposits	-0-	418	418
Increase in Accrued Interest	-0-	600	600
TOTAL ADJUSTMENTS TO OPERATING INCOME	<u>8,850</u>	<u>235,746</u>	<u>244,596</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>13,949</u>	\$ <u>113,248</u>	\$ <u>127,197</u>

The notes to the financial statements are an integral part of this statement.

Town of Ball
Statement of Fiduciary Net Assets
December 31, 2004

	<u>PAYROLL</u>	<u>AD VALOREM TAX</u>	<u>TOTAL AGENCY FUNDS</u>
ASSETS			
Cash & Cash Equivalents	\$ 4,489	\$ 229,553	\$ 234,042
TOTAL ASSETS	<u>4,489</u>	<u>229,553</u>	<u>234,042</u>
LIABILITIES			
Payroll Taxes Payable	4,489	-0-	4,489
Due to General Fund	-0-	108,207	108,207
Due to Debt Service	-0-	100,688	100,688
Due to Sewer	-0-	20,678	20,678
TOTAL LIABILITIES	<u>\$ 4,489</u>	<u>\$ 229,553</u>	<u>\$ 234,042</u>

The accompanying notes are an integral part of this statement.

***NOTES TO THE BASIC
FINANCIAL STATEMENTS***

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ball was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Town of Ball conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Reporting Entity

The Town is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the Town (the primary government) and its component units, entities for which the government is considered to be financially accountable.

Component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

The financial statements of the following component units have been "blended" in the accompanying report because (i) their governing boards are substantially the same as the governing body of the Town, and (ii) the component unit provides services entirely or almost entirely to the citizenry.

The Ball Volunteer Fire Department

The Ball Volunteer Fire Department's board is composed of 7 commissioners, one being the mayor of the town and the remaining commissioners appointed by the mayor and approved by the board of aldermen. The department is thus considered a component unit of the town and the transactions of the Ball Volunteer Fire Department are presented (or blended) in the financial statements as a special revenue fund. The commissioners, their terms of office and salary are as follows:

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

NAME	TERM OF OFFICE	ADDRESS	SALARY
Roy Hebron	Continuous	PO Box 800, Ball, LA 71405	-0-
Willie Bishop	Continuous	PO Box 800, Ball, LA 71405	-0-
Walt Chance	Continuous	PO Box 800, Ball, LA 71405	-0-
Wade Kilgo	Continuous	PO Box 800, Ball, LA 71405	-0-
Herb Pruett	Continuous	PO Box 800, Ball, LA 71405	-0-
Roland Davis	Continuous	PO Box 800, Ball, LA 71405	-0-
Larry Wolley	Continuous	PO Box 800, Ball, LA 71405	-0-

A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide Statement of Net Assets reports all financial and capital resources of the Town (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Town would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- **General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Debt Service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

- **Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combines) for the determination of major funds. The Town electively added funds, as major funds, which either had debt outstanding or specific community focus.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

(2) CASH AND INVESTMENTS (C.D.'s IN EXCESS OF 90 DAYS):

Deposits

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- ***Category 3*** - Uncollateralized.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

<u>Bank</u>	<u>Bank Balance At 12/31/2004</u>
Hibernia National Bank	\$ 442,991
Bank One	36,978
Red River Bank	363,303
Southern Heritage Bank	205,438
Total	\$ 1,048,710

Amounts on deposit are secured by the following pledges:

<u>Description</u>	<u>Southern Heritage Bank Market Value</u>	<u>Bank One Market Value</u>	<u>Red River Bank Market Value</u>	<u>Hibernia Bank Market Value</u>	<u>Total Market Value</u>
FDIC (Category 1)	\$ 200,000	\$ 36,978	\$ 100,000	\$ 200,000	\$ 536,978
Securities (Category 2)	241,254	-0-	318,674	495,788	1,055,716
Total	\$ 441,254	\$ 36,978	\$ 418,674	\$ 695,788	\$ 1,592,694

(3) RECEIVABLES

A summary of receivables by fund at December 31, 2003 are as follows:

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Accounts Receivable	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 27,638	\$ 33,780
Sales Tax Receivable	-0-	-0-	-0-	-0-	-0-	-0-
Other Taxes Receivable	-0-	-0-	25,531	32,728	-0-	-0-
Ad Valorem Taxes Receivable	-0-	-0-	25,866	-0-	-0-	24,683
Allowance for Bad Debts	-0-	-0-	-0-	-0-	(1,382)	(1,689)
Grants Receivable	-0-	-0-	-0-	-0-	-0-	-0-
Total Receivables	\$ -0-	\$ -0-	\$ 51,397	\$ 32,728	\$ 26,256	\$ 56,774

The allowance for bad debts for the sewer and sanitation fund has been established at 5% of total accounts receivable. The allowance for bad debts for the general fund, special revenue fund and debt service fund was determined to be immaterial and, therefore, is not presented.

(4) FIXED ASSETS

Property Enterprise Fund: Plant and Equipment:

A summary of enterprise fund property, plant and equipment at December 31, 2004, is as follows:

	<u>Balance 12-31-2003</u>	<u>Additions (Deletions)</u>	<u>Balance 12-31-2004</u>	<u>12-31-2004 Accumulated Depreciation</u>
<u>Sewer Fund</u>				
Sewer System	\$ 10,165,051	\$ 9,373	\$ 10,174,424	\$ 4,145,170
Accumulated Depreciation	(3,886,199)	(258,971)	(4,145,170)	
Net	<u>6,278,852</u>	<u>(249,598)</u>	<u>6,029,254</u>	<u>4,145,170</u>
<u>Sanitation Fund</u>				
Equipment	189,245	29,203	218,448	108,003
Accumulated Depreciation	(86,256)	(21,747)	(108,003)	
Net	<u>\$ 102,989</u>	<u>\$ 7,456</u>	<u>\$ 110,445</u>	<u>\$ 108,003</u>

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Enterprise fund assets are recorded at cost and depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

Governmental Fund:

A summary of governmental fund depreciable assets at December 31, 2004, is as follows:

	Balance 12-31-2003	Additions	Deletions	Balance 12-31-2004
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildings	597,106	-0-	-0-	597,106
Improvements	65,290	-0-	-0-	65,290
Equipment	1,526,630	75,207	-0-	1,601,837
Total	<u>2,239,026</u>	<u>75,207</u>	<u>-0-</u>	<u>2,314,233</u>
Accumulated Depreciation	(858,047)	(156,951)	-0-	(1,014,998)
Net	<u>\$ 1,380,979</u>			<u>\$ 1,299,235</u>

Government fund assets are recorded at cost and depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Buildings	40 Years
Land	-0-

(5) CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Town for the year ended December 31, 2004:

	Bank One Sewer Fund	92-02 Sewer Fund	Sewer District # 1	Sewer Fund	1997 Sewer Improv.	Total
Bonds Pay 12/31/2003	\$ 159,963	\$ 570,150	\$ 110,678	\$ 110,678	\$ 250,000	\$ 1,201,470
Additions	-0-	-0-	-0-	-0-	-0-	-0-
Bonds Retired	(10,424)	(18,846)	(3,678)	(3,678)	(15,000)	(51,626)
Bonds Pay 12/31/2004	<u>\$ 149,539</u>	<u>\$ 551,305</u>	<u>\$ 107,000</u>	<u>\$ 107,000</u>	<u>\$ 235,000</u>	<u>\$ 1,149,844</u>

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

The following is a summary of notes and other debt transactions of the Town for the year ended December 31, 2004:

	Notes & Debts Payable At 12/31/2003	New Debt	Principal Paid	Notes & Debts Payable At 12/31/2004
John Deer Tractor – Bank One	\$ 2,278	\$ -0-	\$ 2,278	\$ -0-
2002 International Garbage Truck	48,066	-0-	15,237	32,829
John Deer Tractor – Street	11,551	-0-	7,605	3,946
2003 F-250 Ford Truck – Sewer	20,575	-0-	5,100	15,475
Hibernia National Bank Vehicle Lease – Police	5,637	-0-	5,537	100
2002 F-250 Ford Crew Cab Truck – Street	7,161	-0-	6,597	564
Firetruck FMHA Note (New)	43,500	-0-	16,275	27,225
Southern Heritage Bank Police Note	12,614	-0-	5,254	7,360
Lease Purchase – Hibernia	4,338	-0-	4,338	-0-
Accrued Compensated Absences	12,680	-0-	-0-	12,680
Lease Purchase Ford Motor Credit	-0-	18,322	2,091	16,231
Lease Purchase Ford Motor Credit	-0-	19,890	790	19,100
Lease Purchase Ford Motor Credit	-0-	15,078	2,074	13,004
Total	\$ 168,400	\$ 53,290	\$ 73,176	\$ 148,514

Bonds payable at December 31, 2004 are comprised of the following:

*General obligation bonds administered by the debt service fund:

Two 1983 issues of \$150,000 each due in annual installments of \$8,894 for each issue with the last payment due March 9, 2023; interest at 5% per annum. \$ 214,000

An issue of \$310,000, due in annual installments of \$29,825 increasing to \$30,975 with the last payment due March 1, 2016; interest at 10% per annum. 235,000

*Revenue bonds and notes administered by the sewer enterprise fund and sanitation fund:

\$228,000 sewer revenue bonds due in annual installments of \$20,802 to a maturity date of March 9, 2023; interest at 5% per annum. 149,539

\$771,000 sewer revenue bonds due in annual installments of \$45,713 to a maturity date of March 9, 2023; interest at 5% per annum. 551,305

Red River Bank sanitation garbage truck note in the amount of \$76,373 payable in monthly installments of \$1,439 beginning January 2002 and ending December 2006; interest at 4.95% 32,829

Ford Motor Credit – Sanitation 2004 F-250 Ford Pickup lease purchase in the amount of \$15,078 payable in 48 monthly installments of \$345 beginning in June 2004 and ending in May 2008; interest at 4.7%. 13,004

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Notes and other debts payable administered by the general fund and fire fund:

Ford Motor Credit purchase (F-250 Crew Cab) in the amount of \$24,806 payable in monthly installments of \$502 beginning October 31, 2003 and ending September 30, 2007 interest at 5%	15,475
Southern Heritage Bank lease in the amount of \$20,864 payable in monthly installments of \$473.43 beginning May 27, 2002 and ending April 27, 2006; interest at 4.25%.	7,360
Farmers Home Administration fire truck note in the amount of \$140,000 payable in monthly installments of \$1,521 beginning July 24, 1997 and ending July 24, 2006; interest at 5.5%.	27,225
Hibernia National Bank – Police 2002 Crown Victoria lease in the amount of \$20,353 payable in monthly installments of \$477 beginning January 2002 and ending December 2004; interest at 5.93%.	100
Ford Motor Credit – Administration 2004 Ford Crown Vic lease purchase in the amount of \$19,890 payable in 48 monthly installments of \$449 beginning November 2004 and ending October 2008; interest at 4.0%.	19,100
Mayor Roy Hebron accrued compensated absences (see note 6)	12,680

Notes and other debts payable administered by the street fund:

Ford Motor Credit – Streets 2004 Ford F-250 Crew Cab lease purchase in the amount of \$18,322 payable in 48 monthly installments of \$423 beginning July 2004 and ending June 2008, interest at 5.13%.	16,231
Red River Bank – Street 2002 F-250 Ford Crew Cab lease in the amount of \$18,964 payable in 36 monthly installments of \$566 beginning February 2002 and ending January 2005; interest at 4.75%.	564
Southern Heritage Bank – Street Lease for a John Deere Tractor/Loader in the amount of \$29,000 payable in monthly installments of \$667 beginning July 7, 2002 and ending June 7, 2005; interest at 4.95%	3,946

Total	<u>\$ 1,298,358</u>
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Debt service requirements including interest of Town in five year increments:

	Accrued Vacation	Bonds	Notes	Total
2005	\$ 12,680	\$ 114,091	\$ 55,806	\$ 182,577
2006	-0-	113,115	43,446	156,561
2007	-0-	112,141	32,440	144,581
2008	-0-	111,165	-0-	111,165
2009	-0-	110,191	-0-	110,191
2010-2014	-0-	562,102	-0-	562,102
2015-2019	-0-	345,268	-0-	345,268
2020-2023	-0-	254,004	-0-	254,004
Total	<u>\$ 12,680</u>	<u>\$ 1,722,077</u>	<u>\$ 131,692</u>	<u>\$ 1,866,449</u>

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(6) ACCRUED COMPENSATED ABSENCES

On March 21, 2000 the Town adopted ordinance #148/2000 that states the accumulation of leave and/or any other type compensatory time shall not be allowed by any Town employee for any time period, and in no event shall the Town be liable for payment of compensatory or leave time to any employee, who, upon separation from employment has any credited leave for compensatory time which has not been utilized during the applicable time period. The accrued compensated absence below was incurred before the addition of ordinance #148/2000. As of December 31, 2004 the Town owes a balance of \$12,680 to Mayor Hebron for accumulated vacation.

(7) FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUNDS

Sewer System Revenues

Under the terms of the bond indenture on outstanding sewer revenue bonds dated March 9, 1983 and March 9, 1995, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Sewer System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Out of the revenue, there shall be set aside into a "Sewer Plant and System Revenue Fund" amounts sufficient to provide for the payment of reasonable and necessary expenses of operating and maintaining the system.

Each month there will be set aside into a "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/12 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments. There shall also be set aside into a "Sewer Revenue Bond Reserve Fund" an amount equal to 5% of the amounts paid to the Revenue Fund until such time as there has accumulated in the reserve account an amount equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal amount of the bond. Such amounts may be used only for the payment of maturing bonds and interest coupons, in the event that sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Depreciation and Contingency Fund" in the amount of \$285 per month. Money in this fund may be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operating expense. Money in this fund may also be used to pay principal and interest on the bonds falling due any time there is not sufficient money for payment in the other bond funds.

Funds set aside in the construction accounts are restricted to approved construction activity of the Town's sewer system.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above notes funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Reservations of retained earnings have been made for funds in restricted accounts that exceed current interest and principal requirements.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(8) CONTRIBUTED CAPITAL

Contributed capital consists of grants from the federal government as well as proceeds from the sale of general obligation bonds for the construction of the sewer system.

Balance 12-31-2003	\$ 9,049,130
Additions	9,373
Balance 12-31-2004	<u>\$ 9,058,503</u>

(9) TAXES

Ad Valorem Taxes

For the year ended December 31, 2004, 16.87 mills were levied on property with assessed valuations totaling \$9,968,493 and were dedicated as follows:

General Corporate Purposes	5.24 mills
Debt Service	3.13 mills
Sewer Revenue Bonds	5.00 mills
Debt Service	3.50 mills
Total	<u>16.87 mills</u>

Total taxes levied after exemptions were \$170,562. Property taxes attach as an enforceable lien on property as of January 1. The Town of Ball bills and collects its own property taxes which are payable on December 31. Property tax revenues are recognized as revenues in the year in which they are levied.

Sales Taxes

The Town has a 1 ½ cent sales tax dedicated as follows:

Police	1/3 Cent
Streets	2/3 Cent
Fire Department	1/2 Cent
Total	<u>1 ½ Cent</u>

(10) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(11) BUDGETS AND BUDGETARY ACCOUNTING

A.) The Town follows these procedures in establishing the budgetary data in these financial statements:

1. The town clerk prepares a proposed budget for the General and Fire Funds and submits same to the Mayor and Board of Aldermen prior to the beginning of each year.
2. A summary of the proposed budget is published and a public hearing is held.
3. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the year for which the budget is being adopted.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. The budgets were amended for the year ended December 31, 2004.

B.) Capital project budgets are prepared on a "Project Wide" basis which may extend beyond one year. Therefore, a budgetary comparison is not presented.

(12) INTERFUND RECEIVABLES AND PAYABLES:

	2004	
	Interfund Receivables	Interfund Payables
General Fund	\$ 108,207	\$ -0-
Debt Service Funds	100,668	35,229
Ad Valorem Tax Agency Fund	-0-	229,553
Sewer Fund	20,678	-0-
Sewer Tax Millage	35,229	-0-
Total	\$ 264,782	\$ 264,782

(14) ELECTED OFFICIALS SALARIES:

Name	Date of Service	Position	Annual Salary
Roy Hebron	1/01/2004 ~ 12/31/2004	Mayor	\$ 51,862
Spencer Williams	1/01/2004 ~ 12/31/2004	Police Chief	23,782
Willie Bishop	1/01/2004 ~ 12/31/2004	Alderman	2,132
Curtis Robertson	1/01/2004 ~ 12/31/2004	Alderman	2,132
Brian Adams	1/01/2004 ~ 12/31/2004	Alderman	2,132
Jerry Giddings	1/01/2004 ~ 12/31/2004	Alderman	2,132
Larry Wooley	1/01/2004 ~ 12/31/2004	Alderman	2,132

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(15) RETIREMENT SYSTEMS:

Substantially all employees of the Town of Ball, Louisiana, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighter's Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A: Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. [All employees of the municipality are members of (Plan A) (Plan B)]. [or some employees of the municipality are members of Plan A and some are members of Plan B.]

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. [Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. [Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service.]

Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. [Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Ball is required to contribute at an actuarially determined rate. The current rate is 11.00 percent of annual covered payroll.] Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Ball are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. [The Town of Ball contributions to the System under Plan A for the years ending December 31, 2004, \$47,858 equal to the required contributions for each year.]

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

B: Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Ball is required to contribute at an actuarially determined rate. The current rate is 21.5 percent of annual covered payroll. The contribution requirement of plan members and the Town of Ball are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ball contributions to the System for the year ending December 31, 2004 was \$19,120 equal to the required contributions for each year.

(16) AGENCY FUND

The Agency Fund is used to collect ad valorem taxes assessed by the Town and pay payroll taxes. Below is a summary of transaction activity in the fund during the year:

	Payroll Agency Fund	Ad Valorem Tax Agency Fund
Cash Balance 12-31-2003	\$ 3,932	\$ 213,020
Deposits	115,486	154,325
Expenses Related To Tax Collections	-0-	(10,748)
Transfers To General Fund	-0-	(31,745)
Transfers to Sewer Fund & Debt Service	-0-	(95,300)
Payroll & Taxes	(114,929)	-0-
Cash Balance 12/31/2004	<u>\$ 4,489</u>	<u>\$ 229,552</u>

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(17) CONTINGENCIES

The Town of Ball is involved by the way of third party intervention in Civil Suit Number 198,375, Division "G" entitled "Rapides Parish Police Jury vs. Grant Parish Police Jury".

A. Nature of Litigation:

The dispute referenced herein above was instituted by a claim made by Grant Parish that the parish boundary line as currently recognized is not accurate. Grant claims that the parish boundary line should be located significantly farther south than the current location. The Grant Parish Police Jury hired a surveyor to conduct a survey based upon a legislative act in 1869 which described the boundary line. This survey places the Grant Parish line well south of the current boundary, and places approximately one-third (1/3) of the Town of Ball in Grant Parish. The Rapides Parish Police Jury responded by hiring a surveyor of their own. That survey places the line further north than the first line but still south of the currently recognized boundary. By unanimous vote of the Board of Aldermen, the Town of Ball opted to intervene in the litigation to defend the integrity of its boundaries. The litigation is significant to the Town of Ball for a number of reasons. The first, the litigation will affect the tax, school and law enforcement base. Furthermore, the Town of Ball was formed in 1972. The legal description of the Town of Ball includes a phrase that the Town's northern border shall only extend as far as the parish boundary. Therefore, moving the boundary line south from where it was located in 1972 may in effect actually shrink the geographical boundaries of the town and have a very significant effect on revenues and population.

B. Progress of the Case to Date:

The District Court has ruled in favor of the Town and the current boundary line. It is not known if Grant Parish will appeal the ruling, but legal council for the Town of Ball assumes the legal process is not complete.

C. How Management of the Town of Ball is Responding or Intends to Respond to Litigation:

The Town of Ball will vigorously contest the case and assert that the historical boundary, as opposed to the boundary claimed by either Grant or Rapides Parish, should be maintained. The Town of Ball does not have financial exposure in the traditional sense that a monetary judgment could be rendered against it. However, fees and expenses may well accelerate as continued legal actions are taken.

***REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)***

Town of Ball
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual on a Budgetary Basis
For the Year Ended December 31, 2004
(Unaudited)

	BUDGETED AMOUNTS		ACTUAL GENERAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 460,056	\$ 460,056	\$ 540,592	\$ 80,536
Licenses & Permits	74,603	74,603	72,068	(2,535)
Intergovernmental	72,800	72,800	125,296	52,496
Charges for Services	-0-	-0-	-0-	-0-
Fines	147,177	147,177	157,583	10,406
Interest	500	500	2,636	2,136
Miscellaneous	2,866	2,866	2,455	(411)
TOTAL REVENUES	758,002	758,002	900,630	142,628
EXPENDITURES				
Current:				
General Government	255,727	295,727	301,146	(5,419)
Police	225,346	265,346	280,342	(14,996)
Highways & Streets	276,929	301,929	313,458	(11,529)
TOTAL EXPENDITURES	758,002	863,002	894,946	(31,944)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-0-	(105,000)	5,684	(99,316)
FUND BALANCES - BEGINNING OF YEAR	261,032	261,032	261,032	
FUND BALANCES - END OF YEAR	\$ 261,032	\$ 156,032	\$ 266,716	

The notes to the financial statements are an integral part of this statement.

Town of Ball
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual on a Budgetary Basis
For the Year Ended December 31, 2004
(Unaudited)

	BUDGETED AMOUNTS		ACTUAL FIRE	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 96,284	\$ 96,284	\$ 99,640	\$ 3,356
Intergovernmental	5,205	5,205	5,200	(5)
Interest	636	636	1,350	714
Miscellaneous	-0-	-0-	9,646	9,646
TOTAL REVENUES	<u>102,125</u>	<u>102,125</u>	<u>115,836</u>	<u>13,711</u>
EXPENDITURES				
Fire Expense	102,125	127,125	84,328	42,797
TOTAL EXPENDITURES	<u>102,125</u>	<u>127,125</u>	<u>84,328</u>	<u>42,797</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-0-	(25,000)	31,508	56,508
FUND BALANCES – BEGINNING OF YEAR	94,484	94,484	94,484	
FUND BALANCES – END OF YEAR	<u>\$ 94,484</u>	<u>\$ 69,484</u>	<u>125,992</u>	

The notes to the financial statements are an integral part of this statement.

***OTHER SUPPLEMENTAL
INFORMATION***

**Town of Ball
Insurance Schedule
(Unaudited)**

Description	Coverage	Amount	Expiration Date
Town Hall and Contents	Fire and Lighting, Ext. Coverage Vandalism and Malicious Mischief	\$515,000	8-2-05
Employees	Workmen's Compensation	\$100,000 – Statutory	12-31-05
Surety Bonds	Honesty Blanket Position	\$10,000	12-12-05
Surety Bonds	Tax Collector and Fire Chief	\$5,000	11-2-05
Joint Project for Improvement of Gravel Streets	Bodily Injury Property Damage	\$1,100 \$1,100	5-1-05 5-1-05
General Liability	Bodily Injury	\$500,000	5-1-05
General Liability	Property Damage	\$500,000	5-1-05
Automobile Liability	Bodily Injury	\$500,000	5-1-05
Surety	Position Bond - Clerk	\$70,000	10-31-05
Equipment Shop and Office	Property Damage	\$65,000	8-2-05
Fire Department	Property Damage	\$40,000	5-1-05
Senior Citizen Building	Liability	\$136,000	8-2-05

OTHER REPORTS

JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Roy Hebron, Mayor
and Members of the Town Council
Ball, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Ball, Louisiana, as of and for the year ended December 31, 2004 which collectively comprise the Town of Ball, Louisiana's basic financial statements and have issued my report thereon dated May 2, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Ball, Louisiana's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Ball, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Town of Ball's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items: **2004-I-1 Accounting for Fixed Assets and Related Depreciation**.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I believe the reportable condition described above is a material weakness.

John R. Vercher

Jena, Louisiana
May 2, 2005

MEMBER
-----AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS-----
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF BALL
BALL, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2004**

I have audited the financial statements of the Town of Ball, Louisiana, as of and for the year ended December 31, 2004 and have issued my report thereon dated May 2, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. My audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

☐ Yes ☐ No

**TOWN OF BALL
BALL, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2004**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

Section III – Internal Control

Reference	Description of Finding	Recommendation
2004-I-1	<p><u>Accounting For Fixed Assets & Related Depreciation</u></p> <p>The Town currently uses a card system to account for fixed asset purchases over \$500. The system adequately records additions, but is inadequate in recording deletions or items worn out or sold. The new GASB 34 reporting model requires depreciation to be computed on all of the Town's fixed assets.</p>	<p>I recommend that the Town purchase a fixed asset software program to account for and manage all fixed assets, including movables, which should be identified by a tagging system or by serial number and depreciation calculations maintained on all assets. All fixed assets of the Town should be inventoried and categorized and entered into this new system.</p>

Section IV Federal Awards Findings and Questioned Costs.

Not applicable.

**TOWN OF BALL
BALL, LOUISIANA
DECEMBER 31, 2004**

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR AUDIT FINDINGS

REFERENCE	DESCRIPTION OF FINDING	CORRECTIVE ACTION PLANNED	CONTACT PERSON	COMPLETION DATE
2004-I-1	<p><u>Accounting For Fixed Assets & Related Depreciation</u></p> <p>The Town currently uses a card system to account for fixed asset purchases over \$500. The system adequately records additions, but is inadequate in recording deletions or items worn out or sold. The new GASB 34 reporting model requires depreciation to be computed on all of the Town's fixed assets.</p>	<p>The Town will purchase a fixed asset software program to account for and manage all fixed assets, including movables, which will be identified by a tagging system or by serial number and depreciation calculations maintained on all assets. All fixed assets of the Town will be inventoried and categorized and entered into this new system.</p>	Roy Hebron	December 31, 2005

**TOWN OF BALL
BALL, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Ball, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2003.

Reference: 2003-C-1 Budgets

Description of Finding: The Town overspent its fire fund budget for the fiscal year ended December 31, 2003 by \$6,167 or 6.98%. Expenditures in excess of 5% of the budget violates the local government budget law. The Town's budget was amended during the year; however it did not take in account the increase in expenditures.

Corrective Action Taken: The Town has begun monitoring its expenditures in the fire fund and amending the budget when expenditures exceed the budget by more than 5%.

Reference: 2003-C-2 Procurement and Suspension and Debarment

Description of Finding: During testing of suspension and debarment requirements of LCDBG Grant contract # 584683, I found that the prime contractor was awarded a contract on February 18, 2003, the contract was executed on February 21, 2003 but clearance of the contractor from the debarment list was not received until February 27, 2003. Contractors receiving individual awards for \$100,000 or more and sub-recipients must certify that the organization and its principles are not suspended or debarred.

Corrective Action Taken: The Town has taken corrective action and received clearance for the contractor.